



June 6, 2012

The Honorable Chuck Moss, Chair
House Appropriations Committee
Michigan House of Representative
State Capitol
Lansing, Michigan 48909

Dear Chairman Moss:

The Michigan Foreclosure Task Force (MFTF), a broad coalition of nearly 200 banks, nonprofit foreclosure prevention counseling agencies, legal services, local units of government, and a variety of statewide advocacy organizations formed in 2007, enthusiastically supports Governor Rick Snyder and Attorney General Bill Schuette's recommendations for how to spend Michigan's \$97 million share of the recent National Mortgage Foreclosure Settlement. We believe that spending the money as it was intended and where it is desperately needed as they have recommended, is the *only* responsible thing to do.

A recent report from Grand Valley State University's Community Research Institute in partnership with MFTF and the Community Economic Development Association of Michigan (CEDAM) entitled *Michigan Historical Residential Foreclosure Data Report* (www.cridata.org/michiganforeclosuretaskforce) paints a stunning picture of the devastation wrought by foreclosures in Michigan:

- A. \$63 billion loss in property value between 2006 and 2010
- B. 416,000 foreclosure filings between 2005 and 2010
- C. Increase of 211,000 vacant homes between 2000 and 2010 Censuses

MFTF is particularly supportive of Governor Snyder and Attorney General Schuette's recommendation that \$20 million be spent on foreclosure prevention counseling and legal services which have consistently proven to be the most cost-effective means of preventing foreclosures.

A 2011 nationwide study by the Urban Institute found that **foreclosure counseling nearly doubles a homeowner's chances of obtaining a mortgage modification**. The same study found that **homeowners receiving counseling were more than two-thirds more likely to remain current on their mortgages after curing a serious delinquency or foreclosure** than those who did not.

Without the recommended allocation from this historic settlement, Michigan's already underfunded network of free foreclosure counselors and legal service attorneys will not be able to sustain the current level of service. More homeowners will unnecessarily lose their homes to foreclosure wreaking more havoc on families, neighborhoods, communities and the housing market, further lowering property values and eroding the local tax base used to fund basic services.

The MFTF is also particularly supportive of Governor Snyder and Attorney General Schuette's recommendation to allocate \$16 million of Michigan's \$97 million settlement to fight mortgage fraud and foreclosure rescue scams. Our members see these scams and their aftermath on a daily basis. For the past four years Michigan has ranked in the top five states in the country for these fraudulent activities, costing thousands of homeowners their last few dollars and their homes. Attorney General Schuette's office has made investigating and prosecuting the perpetrators a priority and has had tremendous success at shutting down fraudulent operations and putting these criminals behind bars. The Office is limited, however, by not having enough staff to keep up with the volume of new scammers cropping up every day. Allocating \$16 million of the settlement will provide some restitution for scam victims and sorely needed staffing to investigate and prosecute the perpetrators.

Despite a number of predictions that 2012 may see record numbers of foreclosures after the worst foreclosure crisis since the Great Depression, there are some who would propose spending this allocation of precious resources on things other than the foreclosure crisis. We strongly urge members of the committee **to do the right thing by Michigan citizens and communities by supporting Governor Snyder and Attorney General Schuette's recommendations to spend these dollars as they were intended, where they are desperately needed and specifically on programs and activities with a proven track record.**

Respectfully,

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